

FISCAL IMPACT STATEMENT ON BILL NO. ***S.1004, as Amended***

(Doc. No. 20689sd06.doc)

TO:	The Honorable Ronald P. Townsend, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Tricia Tangney and Ken Brown		
DATE:	April 25, 2006	SBD:	2006187

AUTHOR:	Representative Townsend	PRIMARY CODE CITE:	59-35-210
SUBJECT:	South Carolina Child Development Education Two-year Pilot Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

BILL SUMMARY:

This Bill, as amended, establishes a two-year pilot program in eight school districts that will provide full-day four-year-old kindergarten in both public schools and private daycare for at-risk children.

EXPLANATION OF IMPACT:

This Bill establishes a two-year pilot program that will provide full-day kindergarten for at-risk four-year-olds in the eight trial districts in Abbeville County School District et.al. vs. South Carolina. Funds are to be administered through the Department of Social Services (DSS), and both public schools and private daycare providers are eligible to receive funding.

Program Costs

There are approximately 1,496 at-risk four-year-olds living in the eight trial districts. Based on a per-child cost of \$3,077 established in Section 59-35-320 (A), instructional costs would be \$4,603,192 in FY06-07 and \$4,741,288 in FY07-08, assuming a three percent inflation adjustment. This section also authorizes transportation vouchers of \$185 per student per year for providers. The cost to transport these children would be \$276,760.

Section 59-35-320 (B) authorizes DSS to approve grants of up to \$10,000 for equipping new classrooms. There are already approximately 40 four-year-old classrooms serving 792 children in these districts. Therefore, 35 new classrooms would be needed. The cost to equip these classrooms would be \$350,000 in the first year of the program.

Section 59-35-220 (A) states that during the pilot project period EIA funds from the four-year-old early childhood program may only be used to fund teacher salary supplement and fringe benefits. Assuming that fifty percent of the new teachers would work in public schools, the cost to provide the teacher salary supplement would be approximately \$41,400 a year. It is also assumed that there would be no decrease in the \$21.8 million appropriation for the Four-Year-Old Early Childhood Program.

Department of Social Services (DSS)

Section 59-35-340 establishes DSS as the fiscal agent for the pilot program. DSS will also receive and review provider applications, recommend approved providers to the State Board of Education and the First Steps to

School Readiness Board of Trustees for final approval, and develop all the forms necessary to operate the program. The agency has been forwarded a copy of the Bill, but to date, has not submitted the potential impact.

Education Oversight Committee

Section 59-35-350 (A) requires the Education Oversight Committee to perform a comparative study of the pilot program that is to be completed by January 1, 2008. The estimated non-recurring cost for this study is \$152,060.

State Department of Education

Section 59-35-350 (B) requires that the State Department of Education issue a unique student identifier for children receiving services from private providers. The cost to implement this provision is estimated to be \$36,000 in non-recurring funding for a web developer to develop an interface for private providers to access SDE's database.

Recapitulation

The cost to implement this Bill, excluding DSS administrative costs will be approximately \$5,459,407 in the first year and \$5,409,443 in the second year. Since this is a pilot program, funding could be provided from non-recurring funding sources. Details are provided on the table below.

<u>S.1004 Fiscal Impact Summary</u>		
<u>Trial Districts</u>		
<u>Item</u>	<u>FY 2006-2007</u>	<u>FY 2007-2008</u>
Instruction	\$4,603,192	\$4,741,288
Transportation	\$276,760	\$276,760
Classroom Grants	\$350,000	\$0
Administration (SDE, EOC)	\$188,060	\$0
SUBTOTAL	\$5,418,012	\$5,018,048
EIA Teacher Salary Supplement	\$41,395	\$41,395
TOTAL	\$5,459,407	\$5,059,443

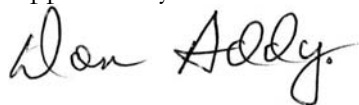
LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

Section 59-35-220 (A) of the Bill states that districts may only use Education Improvement Act funding from the four-year-old early childhood program to fund teacher salary supplements and fringe benefits. The teacher salary supplement and fringe are funded from a separate, identifiable line in the EIA budget.

Approved by:



Don Addy
Assistant Director, Office of State Budget